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 7 **UNITED STATES DISTRICT COURT**
 8 **DISTRICT OF NEVADA**

9 UNITED STATES OF AMERICA,)	
)	2:12-cr-00004-JCM-GWF
10 Plaintiff,)	
)	UNITED STATES' MOTION
11 v.)	FOR ALTERNATIVE VICTIM
)	NOTIFICATION PROCEDURES
12 DEFENDANT [1], et al.,)	
)	
13 <u>Defendants.</u>)	

14
 15 COMES NOW THE UNITED STATES OF AMERICA, by and through its
 16 undersigned attorneys, and respectfully moves this Court for
 17 authorization to employ alternate victim notification procedures
 18 pursuant to Title 18, United States Code, Section 3771(d)(2). More
 19 particularly, the victims in this case number, along with the
 20 companion cases 2:12-CR-00083-KJD-GWF and 2:12-CR-00084-JCM-GWF,
 21 number in the millions making it impracticable to accord each
 22 victim individual notice and other rights described in subsection
 23 3771(a). The UNITED STATES therefore requests authorization to
 24 notify the victims by internet publication in a manner described
 25 below.
 26

I. INTRODUCTION

During the last four (4) years, United States law enforcement authorities have been conducting an investigation of the Carder.su organization, a highly sophisticated international cybercrime enterprise. The investigation has shown that the Carder.su organization engages in large scale trafficking of compromised credit card account data and counterfeit instruments, such as counterfeit identification documents and counterfeit credit cards, as well as money laundering and various types of computer crimes, including intrusion and hacking.

Since on or about November 22, 2005, the Carder.su organization, including its leadership, members, and associates, have constituted a Racketeering "enterprise," as defined by Title 18, United States Code, Section 1961(4), that is, a group of individuals associated in fact, although not a legal entity. The enterprise is an ongoing criminal organization whose members function as a continuing unit for a common purpose of achieving the objectives of the enterprise. The Carder.su organization's members engage in acts of identity theft and financial fraud, including, but not limited to, acts involving trafficking in stolen means of identification; trafficking in, production and use of counterfeit identification documents; identity theft; trafficking in, production and use of unauthorized and counterfeit access devices; and bank fraud; and whose members interfere with interstate and foreign commerce through acts of identity theft and financial

1 fraud. Members and associates of the Carder.su organization
2 operate principally in Las Vegas, Nevada, and elsewhere.

3 The Carder.su organization operates a "virtual clubhouse,"
4 located at an internet web portal called a forum. This forum is
5 where the worldwide membership congregates to purchase illicitly
6 obtained data, share knowledge and Modus Operandi of various fraud
7 schemes in an effort to further the criminal enterprise, and
8 conspires to maximize the amount of illegal proceeds obtained.
9 Membership in the organization is not available to the general
10 public. Instead, a second forum has also been created to act as a
11 feeder mechanism to vet incoming new members to the organization.
12 The Carder.su organization's forum operates solely for its
13 membership's unlawful purposes. The forum itself is operated in
14 attempted secrecy through the use of numerous security features,
15 such as an in-depth review process to gain membership, multiple
16 vetted member sponsorship, and increased password security. Within
17 the organization, experienced and vetted members collaborate and
18 share services to support the illegal criminal hackers engaging in
19 computer intrusion, identify theft, access device fraud, and other
20 fraud activities. As of March 7, 2012, the Carder.su organization
21 boasted a membership of seven thousand eight hundred and eighty
22 (7,880).

23 During the course of the investigation, law enforcement agents
24 have determined that millions of individual persons, as well as a
25 myriad of financial institutions, which are located in both the

1 United States and overseas, have been victims of the Carder.su
2 organization's criminal activities. For example, access device
3 fraud is one of the common offenses routinely perpetrated by
4 members of the Carder.su organization. In the spring of 2011, law
5 enforcement agents accessed a website, which they knew had been
6 established by Defendant [14], a member of the Carder.su
7 organization, for the sole purpose of selling stolen and otherwise
8 compromised credit card account data in furtherance of the criminal
9 enterprise. Defendant [14] advertised on the organization's forum
10 that the member was a vendor, who sold compromised credit cards,
11 and further provided a website address in his advertisement where
12 other members could purchase the compromised account information.
13 When law enforcement agents logged in and browsed Defendant [14]'s
14 web site, they were able to select one hundred (100) compromised
15 credit card account numbers and add it to the website's shopping
16 cart. Law enforcement agents then transferred approximately seven
17 hundred dollars (\$700) to Defendant [14]. When the money transfer
18 was completed, the agents were then able to download the
19 compromised credit card data which they had purchased.

20 Moreover, while law enforcement agents were monitoring this
21 same website, Defendant [14] updated his advertisement on the
22 organization's forum to reflect that he was offering one million
23 (1,000,000) stolen credit card accounts for sale. Analysis of
24 subsequent sales conducted from Defendant [14]'s site from April
25 12, 2011, to April 22, 2011, showed the sale of fifty four thousand

1 nine hundred seventy four (54,974) of those stolen credit card
2 account numbers, with each individual account number being sold for
3 approximately twenty dollars (\$20). Accordingly, the Carder.su
4 organization profited in excess of one million dollars (\$1,000,000)
5 during that ten day period from victimizing thousands of individual
6 account holders, as well as the numerous financial institutions
7 which issued their credit card accounts.

8 A second illustration showing the voluminous number of victims
9 in this case can be found through law enforcement's April 2011
10 forensic analysis of the recovered images from computer servers
11 under the control Defendant [19]. This analysis revealed the
12 presence of approximately sixty three thousand nine hundred and one
13 (63,901) compromised credit card account numbers. Law enforcement
14 agents initially forwarded the list of compromised account numbers
15 to Chase, Discover, and American Express to determine whether these
16 three financial institutions had sustained any dollar loss
17 associated with fraudulent use of these compromised accounts.

18 Chase advised that approximately six thousand five hundred
19 twenty seven (6,527) of the accounts were issued by Chase. Chase
20 stated they had suffered a dollar loss of approximately seven
21 hundred eighty five thousand seven hundred twenty two dollars
22 (\$785,722) arising from fraud on those accounts. Discover advised
23 that approximately two thousand seven hundred ninety four (2,794)
24 of the accounts had been issued by them. Discover stated that they
25 had suffered a dollar loss of approximately five hundred forty nine

1 thousand six hundred seventy two dollars (\$549,672) from fraud on
2 those accounts. American Express advised that a total of three
3 thousand four hundred twenty four (3,424) accounts had been issued
4 by them. American Express stated that they had suffered a dollar
5 loss of approximately seven hundred twenty eight thousand six
6 hundred eighty dollars (\$728,680) arising from fraud on the
7 accounts.

8 Based on the information provided by Chase, Discover and
9 American Express, even though their accounts only comprise twelve
10 thousand seven hundred forty five (12,745) of the sixty three
11 thousand nine hundred and one (63,901) total accounts, the dollar
12 loss sustained just among those three financial institutions is
13 more than two Million dollars. Law enforcement continues to work to
14 identify additional victims, that is, to ascertain which financial
15 institutions issued the remainder of the sixty three thousand nine
16 hundred and one (63,901) accounts.

17 Finally, to close the loop, members of the Carder.su
18 organization who purchased stolen credit card information from
19 their co-defendants also trafficked in, manufactured, and used
20 false identity documents to assume the victim account holders'
21 identities. Using these false identifications, usually counterfeit
22 drivers' licenses and other counterfeit secondary means of
23 identification, Carder.su members used the stolen credit card
24 account information to unlawfully obtain merchandise, goods,
25 services, and money for their own personal financial gain and to

benefit the Carder.su organization. The financial loss associated with fraudulent activities perpetrated by Carder.su members for each of those credit card accounts would have been limited only by the available account balance limits set by the victim financial institutions that issued the cards. Even if those limits were set at a low amount per credit card account, i.e., two hundred dollars (\$200), the loss to the victims - and the financial gain to the criminal enterprise, could have easily been more than twenty million dollars (\$20,000,000).

Given vastness of the Carder.su organization, the pattern of prolific criminal activity committed by its international membership in furtherance of the enterprise, and the fact that the organization has been engaging in these offenses since on or about November 22, 2005, the government submits that the victims in this case, along with the companion cases 2:12-CR-00083-KJD-GWF and 2:12-CR-00084-JCM-GWF, number in the millions thereby making it impracticable to accord each victim individual notice and other rights described in subsection 3771(a). Accordingly, the government seeks permission to engage in the alternative victim notification procedures discussed below.

II. VICTIM NOTIFICATION REQUIREMENTS

On October 30, 2004, the President signed into law the Justice for All Act of 2004. Title I of the Act enumerates specific rights of crime victims in federal criminal cases, codified at 18U.S.C. § 3771(a). These include "[t]he right to reasonable, accurate, and

1 timely notice of any public court proceeding ... involving the
2 crime or of any release or escape of the accused," and "[t]he right
3 to be reasonably heard at any public proceeding in the district
4 court involving release, plea, sentencing, or any parole
5 proceeding." 18 U.S.C. § 3771(a)(2), (a)(4).

6 The Act requires "[o]fficers and employees of the Department of
7 Justice and other departments and agencies of the United States
8 engaged in the detection, investigation and prosecution of crime
9 [to] make their best efforts to see that crime victims are notified
10 of, and accorded, the rights described in subsection [3771](a)," 18
11 U.S.C. § 3771(c)(1), and it instructs the Court to "ensure that the
12 crime victim is afforded" those rights. 18 U.S.C. § 3771(b). A
13 "crime victim" under the Act is defined as "a person directly and
14 proximately harmed" as a result of the commission of a Federal
15 offense. 18 U.S.C. § 3771(e).

16 In routine cases involving a single or limited number of
17 victims, the victim notification burdens imposed by the Act upon
18 the government will be substantial. In other cases, involving tens,
19 hundreds, or even thousands of potential victims, the burdens
20 imposed by the Act would be simply overwhelming. In recognition of
21 this, the Act grants the Court authority to fashion alternative
22 notification procedures when the Court finds that implementation of
23 the prescribed requirements would be impracticable. The Act
24 provides:

25 In a case where the court finds that the
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1 number of crime victims makes it
2 impracticable to accord all of the crime
3 victims the rights described in subsection
4 [3771](a), the court shall fashion a
5 reasonable procedure to give effect to
6 this chapter that does not unduly
7 complicate or prolong the proceedings.

8 18 U.S.C. § 3771(d) (2). The Act places no limitations on the
9 alternative procedures which a Court may fashion other than that
10 the procedures be reasonable to effectuate the Act and that they
11 not unduly complicate or prolong the proceedings. *Id.* In this case,
12 on or about January 10, 2012, thirty nine (39) members of the
13 Carder.su organization were indicted in case number 02:12-CR-004-
14 JCM-GWF, for violation of Title 18, United States Code, Sections
15 1962- Racketeering (RICO) and RICO Conspiracy, 1028- Fraud in
16 Connection with Identification Documents and 1029 - Fraud in
17 Connection with Access Devices. On March 13, 2012, four (4)
18 additional members and seven (7) associate members of the Carder.su
19 organization were indicted in case numbers 02:12-CR-083-KJD-GWF and
20 02:12-CR-084-JCM-GWF for violation of Title 18, United States Code,
21 Sections 371-Conspiracy, 1028 - Fraud in Connection with
22 Identification Documents, and 1029 - Fraud in Connection with
23 Access Devices. These individuals span all levels of the Carder.su
24 organization including the uppermost leadership. The offenses
25 described in these three Indictments arose out of a sophisticated
26 and massive criminal organization whose members engage in acts of
27 identity theft and financial fraud, including, but not limited to,

1 acts involving trafficking in stolen means of identification;
2 trafficking in, production and use of counterfeit identification
3 documents; identity theft; trafficking in, production and use of
4 unauthorized and counterfeit access devices; and bank fraud in
5 furtherance of the criminal enterprise. As described above, the
6 number of persons whose personal and financial identifiers were
7 compromised in this case—each a potential victim—along with the
8 myriad of financial institutions, nationally and internationally,
9 which have sustained financial loss arising from the organization's
10 criminal conduct, makes individualized communication with and
11 notification of each victim impracticable.

12 Neither the government nor the Court has the resources to
13 accord each of the victims in this case the rights prescribed in
14 subsection 3771(a) on an individual basis.

15 **III. UNITED STATES' PROPOSED ALTERNATIVE NOTIFICATION PROCEDURES**

16 The scope and size of this criminal enterprise is, in many
17 respects, a testament to modern communications and—in
18 particular—the world wide web. Also, law enforcement agents have
19 determined that the internet is the method of preferred
20 communication among the fraud investigators employed by the victim
21 financial institutions. Accordingly, the UNITED STATES requests
22 authorization from the Court to communicate with and provide
23 notification to the pool of potential victims through this medium.
24 More specifically, the International Association of Financial Crime
25 Investigators (IAFCI) has agreed to cooperate in this matter by

1 posting, for a period of at least three months from the date of the
2 Court's order, on IAFCI's own website a notice providing victims
3 information and links to the U.S. Attorney's Office public website.
4 In additional, the primary investigative agencies, the United
5 States Secret Service (USSS) and Homeland Security Investigations
6 (HSI), have each agreed to place a similar notice on their
7 agencies' public websites providing similar information. In turn,
8 the UNITED STATES proposes on the U.S. Attorney's Office public
9 website to post for the duration of each of the three companion
10 cases, 2:12-CR-004; 2:12-CR-083; and 2:12-CR-084; the Indictments
11 and significant pleadings, forms for communication and conferral,
12 and notice of events and hearings. The proposed notice will provide
13 the following information regarding this case:

- 14 1. The names of the defendants, the case number and charges;
- 15 2. All of the victim rights codified at 18 U.S.C. § 3771(a);
- 16 3. The identity of the prosecutors;
- 17 4. The identity and contact telephone numbers of Victim
18 Witness Coordinator;

19 In addition, the UNITED STATES proposes to post a web-based
20 victim impact questionnaire. This questionnaire will allow for the
21 orderly collection of certain victim information, help authenticate
22 those who are actual victims and give the millions of victims an
23 opportunity to describe their plight to government attorneys.

24 IV. CONCLUSION

25 The number of potential victims in this case renders
26

1 individual notification to each impracticable. In such cases, the
2 Justice for All Act authorizes the Court to fashion a reasonable
3 alternate notification procedure to effect the aims of the Act
4 without unduly complicating or prolonging the proceedings. The
5 government's proposed notification procedures accomplish these
6 goals. For the reasons set forth above, the government respectfully
7 requests that this Court grant this motion and sign the
8 accompanying proposed Order.

9
10 **RESPECTFULLY SUBMITTED** this 13TH day of APRIL 2012.

11 DANIEL BOGDEN
12 United States Attorney
13 /s/
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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

UNITED STATES OF AMERICA,)	
)	2:12-cr-00004-JCM-GWF
Plaintiff,)	
)	O R D E R
v.)	
)	
DEFENDANT [1], et al.,)	
)	
<u>Defendants.</u>)	

Before the Court is the government's motion for permission to engage in alternative victim notification procedures. The Court, having reviewed the motion and found good cause for proceeding under alternative notification procedures, opines as follows:

IT IS THEREFORE ORDERED that the government's motion is **GRANTED**. The UNITED STATES shall communicate with and provide notification to the pool of potential victims through the internet.

It IS FURTHER ORDERED that for a period of not less than three (3) months, the International Association of Financial Crime Investigators (IAFCI) shall post on IAFCI's own website a notice providing victims with information and links to the U.S. Attorney's Office public website.

IT IS FURTHER ORDERED that, for a period of not less than

1 three (3) months, the United States Secret Service (USSS) and
2 Homeland Security Investigations (HSI) shall each place a similar
3 notice on their agencies' public websites providing victims with
4 information and links to the U.S. Attorney's Office public
5 website.

6 **IT IS FURTHER ORDERED** that for each of the three companion
7 cases, 2:12-CR-004; 2:12-CR-083; and 2:12-CR-084; the UNITED
8 STATES shall post on the U.S. Attorney's Office public website
9 the Indictments and significant pleadings in each case, forms for
10 communication and conferral, and notice of events and hearings.
11 The notice shall provide the following information regarding this
12 case:

- 13 1. The names of the defendants, the case number and
14 charges;
- 15 2. All of the victim rights codified at 18 U.S.C. §
16 3771(a);
- 17 3. The identity of the prosecutors;
- 18 4. The identity and contact telephone numbers of Victim
19 Witness Coordinator; and
- 20 5. A web-based victim impact questionnaire. This
21 questionnaire will allow for the orderly collection of
22 certain victim information, help authenticate those who
23 are actual victims and give the millions of victims an
24 opportunity to describe their plight to government
25 attorneys.

26 Dated this 16th day of April 2012.



Honorable Magistrate Judge George W. Foley Jr.

CERTIFICATE OF SERVICE

I, Kimberly M. Frayn, hereby certify that I am an employee of the Organized Crime Strike Force, United States Department of Justice, and that on this day I served, by way of the internet via email and by facsimile, a copy of the following:

**UNITED STATES' MOTION FOR
ALTERNATIVE VICTIM NOTIFICATION PROCEDURES**

upon the defense counsel.

DATED: APRIL 13th, 2012

_____/s/_____
KIMBERLY M. FRAYN